

Message Text

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ACTION AF-04

INFO OCT-01 SS-14 ADP-00 SSO-00 NSCE-00 INRE-00 NSC-10

CIAE-00 INR-10 NSAE-00 RSC-01 L-02 EB-03 TRSE-00

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FM AMEMBASSY TRIPOLI

TO SECSTATE WASHDC IMMEDIATE 0049

INFO AMEMBASSY TUNIS

C O N F I D E N T I A L TRIPOLI 0612

LIMDIS

E. O. 11652: GDS

TAGS: ENRG LY US

SUBJECT: ULTIMATUM TO MOBIL TO ACCEPT POPULAR COMMITTEE
MANAGEMENT DEMANDS OR BE SHUT DOWN MAY 9

REF: TRIPOLI 0587

1. WISEMAN AND WAGNER OF MOBIL CALLED ON CHARGE EVENING
MAY 8 TO PROVIDE FOLLOWING: MOBIL HAS RECEIVED
INSTRUCTIONS FROM MINPET MABRUK TO IMPLEMENT, BEFORE
1200 HOURS MAY 9, POPULAR COMMITTEE DEMAND TO FIRE
TOP FIVE LIBYAN EMPLOYEES AND MAKE RESULTING 13 PROMOTIONS
AS SPECIFIED BY COMMITTEE. IF MOBIL REFUSES,
MABRUK SAID " WE WILL CLOSE YOU DOWN".

2. WISEMAN' S BACKGROUND FOR MABRUK' S DEMAND FOLLOWED
GLOSS' REPORT (REFTEL). HE HAD SEEN MABRUK MAY 1 TO
TALK ABOUT DEMANDS FOR PERSONNEL CHANGES. MABRUK, WHO
HAD JUST SPOKEN TO PRIMIN JALLUD, CONFIDENTLY TOLD
WISEMAN THAT COMMITTEES COULD NOT INERFERE IN
MANAGEMENT, THAT WISEMAN WAS RESPONSIBLE FOR RUNNING
MOBIL AND HAD FULL MANAGEMENT AUTHORITY TO DO SO.
HOWEVER, SAME DAY MOBIL COMMITTEE REJECTED WISEMAN
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ATTEMPT ASSERT HIS MANAGEMENT CONTROL AND SAID MABRUK HAD NO AUTHORITY OVER COMMITTEES. ONLY RCC COULD COUNTERMAND THEIR ORDERS. WHEN WISEMAN RETURNED TO MABRUK MAY 2, THE MINPET WAS CLEARLY LESS CONFIDENT. HE TOLD WISEMAN THAT HE DID NOT KNOW WHAT RCC DECISION WOULD BE, BUT THAT, WHATEVER IT WAS, WISEMAN MUST FOLLOW IT.

3. AFTER THE USUAL ROUND OF MISSED APPOINTMENTS AND REPORTS THAT MABRUK TOO BUSY TO SEE WISEMAN, ON MAY 7 HE HAD A LETTER DELIVERED TO MINPET. LETTER CITED MABRUK'S STATEMENT THAT WISEMAN HAD MANAGEMENT RESPONSIBILITY AND AUTHORITY, AND MENTIONED RCC MEMBER HAWADI'S STATEMENT THAT POPULAR COMMITTEES HAD NO ROLE IN PRIVATE SECTOR. IN VIEW OF THESE STATEMENTS AND CONTRADICTORY DEMANDS BY THE POPULAR COMMITTEE, THE LETTER REQUESTED AN APPOINTMENT TO DISCUSS THE COMMITTEE DEMANDS WITH MABRUK. SHORTLY AFTER NOON MAY 8, MABRUK, AFTER ANOTHER ROUND OF MISSED APPOINTMENTS AND PERIODS WHEN HE TOO BUSY TO SEE WISEMAN, SUMMONED HIM. MABRUK, IN HIS FIERCEST MANNER, TOLD WISEMAN THAT HIS LETTER WAS OUTRAGEOUS AND WOULD BE CONSIDERED " NEVER RECEIVED BY THIS MINISTRY". COMMITTEE DEMANDS HAD RCC APPROVAL AND WISEMAN WOULD CARRY THEM OUT. IF NOT, " WE WILL CLOSE YOU DOWN." MABRUK GAVE MOBIL UNTIL 1200 HOURS MAY 9 TO IMPLEMENT DEMANDS. HE THEN SHOUTED FOR WISEMAN TO " GET OUT OF THIS OFFICE*"

4. WISEMAN AND WAGNER WERE OBVIOUSLY DISMAYED BY DEMAND AND APPARENTLY INCLINED TO A " SOFT" SOLUTION. THEY BELIEVED LARG PREPARED TO CLOSE MOBIL OPERATION (WHICH ONLY 150,000 BBL/ DAY) AND " SMALLEST OF MAJORS") IN ORDER TO TERRORIZE OTHER COMPANIES INTO ACCEPTING LARG PARITY AND PARTICIPATION DEMANDS. AS OF 1900 HOURS MAY 8, THEY HAD NOT YET RECEIVED GUIDANCE FROM NEW YORK OR DECIDED HOW TO REPLY.

5. COMMENT: CHARGE BELIEVES, AND TOLD WISEMAN AND WAGNER, THAT LARG NOT PREPARED ACCEPT LONG- TERM LOSS OF INCOME FROM MOBIL PRODUCTION, SMALL AS IT IS. MOBIL DEFIANCE, ON THE OTHER HAND MIGHT RESULT IN SHORT CONFIDENTIAL

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CLOSURE AND, VERY LIKELY, THE EXPULSION OF WISEMAN. WISEMAN'S PERSONAL SACRIFICE, HOWEVER, COULD HAVE EFFECT OF FORCING LARG TO MODIFY OR CANCEL POPULAR COMMITTEE DEMANDS IN EFFECT TO TAKE OVER MANAGEMENT OF COMPANIES. PRINCIPLE INVOLVED WAS FUNDAMENTAL TO POSITION OF OIL COMPANIES HERE AND MOBIL SHOULD BE MINDFUL OF ITS RESPONSIBILITIES TO THE OTHERS. (GLOSS

HAD HINTED EARLIER TO CHARGE THAT THAT WAS WAY THEY
FELT.)

6. IF CLOSURE OF MOBIL RESULTS IN EXERCISE OF SHARING
AGREEMENT PROVISIONS, IT MAY BE CATALYST FOR NEEDED
INDUSTRY UNITY, WHICH SEEMS BATTERED BY SHAFER OF OASIS'
WILLINGNESS TO NEGOTIATE WITH LARG ON BASIS LARG'S
ESSENTIALLY CONFISCATORY PARTICIPATION DEMANDS. IN ANY
CASE, LARG CANNOT AFFORD A BREAKDOWN MORE THAN
ONE OF ITS THREE CURRENT NEGOTIATIONS -- RE PARITY,
PARTICIPATION, AND COMMITTEES (OSTENSIBLY ONLY
AFFECTING MOBIL). COMPANIES FIRMNESS IN EACH NEGOTIATION
WOULD STRENGTHEN THEIR HANDS IN THE OTHER TWO.

7. AT 1030 MAY 9 EMBOFF CALLED ON WISEMAN WHO INFORMED
US HIS INSTRUCTIONS FROM MOBIL HEADQUARTERS IN NEW YORK
WERE TO "IMPLEMENT THE INSTRUCTIONS OF THE MINISTRY".
WISEMAN SAID HE NOW ENGAGED IN "MOST REVOLTING DAY'S
WORK IN HIS LIFE".

8. COMMENT: THIS TEMPORARILY AVOIDS CRISIS FOR MBOIL
LIBYA BUT PREDICTABLY SPELLS FUTURE TROUBLE FOR ALL
AMERICAN OIL COMPANIES HERE.
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